

**CONSUMERS ILLINOIS WATER COMPANY**  
Woodhaven Water Division  
Rate Case Docket No. 00-

Proposed Test Year Period: Future  
Period Reported: 1997 - 1999

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Person Responsible: D. Leppert

**Comparison of Prior Forecasts to Actual Data - Prior Three Years (Total Company)**

Line	Operating Budget Component (A)	1997 Actual (B)	1997 Budget (C)	1997 Variance (D)	1998 Actual (E)	1998 Budget (F)	1998 Variance (G)	1999 Actual (H)	1999 Budget (I)	1999 Variance (J)
1	Total Operating Revenues	\$21,342,334	\$22,352,000	-\$1,009,666	\$22,859,057	\$22,703,000	\$156,057	\$24,560,258	\$23,780,305	\$779,953
2										
3	Operations & Maintenance Expenses	10,208,620	10,311,000	-102,380	10,661,315	10,697,000	-35,685	11,285,859	10,680,789	605,070
4	Depreciation Expenses	2,924,250	2,975,000	-50,750	3,068,064	2,930,000	138,064	3,280,552	3,281,062	-510
5	Amortization of Utility Plant Acquisition Adjust.	5,410	0	5,410	5,407	0	5,407	5,410	5,409	1
6	Amortization - Transaction Costs	0	0	0	0	0	0	0	0	0
7	Taxes Other Than Income	1,358,273	1,278,000	80,273	1,322,066	1,273,000	49,066	1,387,300	1,499,076	-111,776
8	Income Taxes - Current	783,699	1,592,000	-808,301	1,756,650	1,911,000	-154,350	2,160,650	2,132,380	28,270
9	Deferred Federal Income Taxes	542,845	0	542,845	0	0	0	0	0	0
10	Deferred State Income Taxes	123,504	0	123,504	0	0	0	0	0	0
11	Provision for Deferred Income Taxes - Credit	-202,098	0	-202,098	0	0	0	0	0	0
12	Amortization of I. T. C.	-48,987	0	-48,987	-49,942	0	-49,942	-49,940	-49,932	-8
13	Utility Operating Expenses	\$15,695,516	\$16,156,000	-\$460,484	\$16,763,560	\$16,811,000	-\$47,440	\$18,069,831	\$17,548,784	\$521,047
14										
15	Utility Operating Income	\$5,646,818	\$6,196,000	-\$549,182	\$6,095,497	\$5,892,000	\$203,497	\$6,490,427	\$6,231,521	\$258,906
16										
17	Gains (Losses) from Disposition of Utility Property	\$354,756	\$0	\$354,756	-\$6,674	\$0	-\$6,674	\$129,364	\$0	\$129,364
18	Total Utility Operating Income	\$6,001,574	\$6,196,000	-\$194,426	\$6,088,823	\$5,892,000	\$196,823	\$6,619,791	\$6,231,521	\$388,270
19										
20	<u>Other Income and Deductions:</u>									
21	Interest and Dividend Income	45,256		45,256	79,469		79,469	64,693	78,288	-13,595
22	Allowance for Funds Used During Construction	16,295		16,295	1,219		1,219	55,215	2,484	52,731
23	Non-Utility Income	116,016	38,000	78,016	84,905	100,000	-15,095	408,687	500,735	-92,048
24	Miscellaneous Non-Utility Expenses	-33,380		-33,380	-37,835		-37,835	-106,798	-99,888	-6,910
25	Amortization of Pre-1971 I. T. C.	2,085	0	2,085	0	0	0	0	0	0
26	Total Other Income and Deductions	\$146,272	\$38,000	\$108,272	\$127,758	\$100,000	\$27,758	\$421,797	\$481,619	-\$59,822
27										
28										
29	<u>Debt Expense:</u>									
30	Interest Expense	3,308,058	3,397,000	-88,942	3,206,534	3,130,000	76,534	3,099,936	3,097,656	2,280
31	Amortization of Debt Discount and Expense	89,908		89,908	93,373	0	93,373	91,867	91,860	7
32	Amortization of Premium on Debt	21,922	0	21,922	18,051	22,000	-3,949	12,631	12,624	7
33	Total Debt Expense	\$3,419,888	\$3,397,000	\$22,888	\$3,317,958	\$3,152,000	\$165,958	\$3,204,434	\$3,202,140	\$2,294
34										
35										
36	NET INCOME	\$2,727,958	\$2,837,000	-\$109,042	\$2,898,623	\$2,840,000	\$58,623	\$3,837,154	\$3,511,000	\$326,154

Please see accompanying workpapers

**CONSUMERS ILLINOIS WATER COMPANY**

Woodhaven Water Division

Rate Case Docket No. 00-

Proposed Test Year Period: Future

Period Reported: 1997 - 1999

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D. Leppert

**Comparison of Prior Forecasts to Actual Data - Prior Three Years (Woodhaven Water)**

Line	Operating Budget Component (A)	1997 Actual (B)	1997 Budget (C)	1997 Variance (D)	1998 Actual (E)	1998 Budget (F)	1998 Variance (G)	1999 Actual (H)	1999 Budget (I)	1999 Variance (J)
1	Total Operating Revenues	\$532,185	\$585,000	-\$52,815	\$525,934	\$536,000	-\$10,066	\$539,570	\$531,564	\$8,006
2										
3	Operations & Maintenance Expenses	319,778	322,000	-2,222	306,668	340,000	-33,332	335,126	338,173	-3,047
4	Depreciation Expenses	47,192	47,000	192	47,869	48,000	-131	48,485	49,020	-535
5	Amortization - Transaction Costs	0	0	0	0	0	0	0	0	0
6	Taxes Other Than Income	34,427	24,000	10,427	25,353	25,500	-147	36,352	25,572	10,780
7	Income Taxes - Current	23,910	50,000	-26,090	32,412	24,100	8,312	24,359	25,963	-1,604
8	Deferred Federal Income Taxes	0	0	0	0	0	0	0	0	0
9	Deferred State Income Taxes	0	0	0	0	0	0	0	0	0
10	Provision for Deferred Income Taxes - Credit	0	0	0	0	0	0	0	0	0
11	Amortization of I. T. C.	0	0	0	0	0	0	0	0	0
12	Utility Operating Expenses	\$425,307	\$443,000	-\$17,693	\$412,302	\$437,600	-\$25,298	\$444,322	\$438,728	\$5,594
13										
14	Utility Operating Income	\$106,878	\$142,000	-\$35,122	\$113,632	\$98,400	\$15,232	\$95,248	\$92,836	\$2,412
15										
16	Gains (Losses) from Disposition of Utility Property (Net)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Utility Operating Income	\$106,878	\$142,000	-\$35,122	\$113,632	\$98,400	\$15,232	\$95,248	\$92,836	\$2,412
18										
19	<u>Other Income and Deductions:</u>									
20	Interest and Dividend Income	369	0	369	1,495	0	1,495	1,767	1,284	483
21	Allowance for Funds Used During Construction	0	0	0	0	0	0	0	0	0
22	Non-Utility Income	3,546	0	3,546	0	0	0	0	0	0
23	Miscellaneous Non-Utility Expenses	0	11,000	-11,000	0	0	0	-3,200	8,964	-12,164
24	Total Other Income and Deductions	\$3,915	\$11,000	-\$7,085	\$1,495	\$0	\$1,495	-\$1,433	\$10,248	-\$11,681
25										
26										
27	<u>Debt Expense:</u>									
28	Interest Expense	67,484	72,000	-4,516	63,362	61,600	1,762	60,675	59,988	687
29	Amortization of Debt Discount and Expense	1,834	0	1,834	1,845	1,876	-31	1,798	1,776	22
30	Amortization of Premium on Debt	447	0	447	357	364	-7	247	240	7
31	Total Debt Expense	\$69,765	\$72,000	-\$2,235	\$65,564	\$63,840	\$1,724	\$62,720	\$62,004	\$716
32										
33										
34	NET INCOME (LOSS)	\$41,028	\$81,000	-\$39,972	\$49,563	\$34,560	\$15,003	\$31,095	\$41,080	-\$9,985

Please see accompanying workpapers

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## Rate Case Docket No. 00-

Period Reported: 1997 - 1999

Person Responsible:

D. Leppert

[illegible]

**CONSUMERS ILLINOIS WATER COMPANY**

Woodhaven Water Division

Rate Case Docket No. 00-

Proposed Test Year Period: Future

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Person Responsible:

F. Simpson

**Statement from the Independent Certified Public Accountant**

Line

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The statement from Arthur Andersen is attached.

**ARTHUR ANDERSEN**

**Consumers Illinois Water Company**

**Kankakee, Vermillion, and Woodhaven Water Divisions**

(a wholly owned subsidiary of Consumers Water Company, a wholly owned subsidiary of Philadelphia Suburban Corporation)

**Projected Financial Information**

**As of December 31, 2001 and 2000**

**And for the year ending December 31, 2001**

**Together With Auditors' Report**

ARTHUR ANDERSEN

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To: Board of Directors of Consumer Illinois Water Company

We have examined the accompanying projected statements of utility operating income for the year ending December 31, 2001, the projected statements of rate base at December 31, 2001 and 2000 of the Kankakee, Vermillion and Woodhaven water divisions of **CONSUMERS ILLINOIS WATER COMPANY** and the projected statements of capital structure at December 31, 2001 and 2000 of Consumers Illinois Water Company. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the projected financial information.

The accompanying projected financial information presents, to the best of management's knowledge and belief, the statements of utility operating income for the year ending December 31, 2001, and the statements of rate base at December 31, 2001 and 2000 of the Kankakee, Vermillion and Woodhaven water divisions of Consumers Illinois Water Company, and the projected statements of capital structure at December 31, 2001 and 2000 of Consumers Illinois Water Company that would result if the water rates in effect during 1999 will not change prior to December 31, 2001 as discussed in footnote 3. The projected financial information and this report were prepared in connection with an application to the Illinois Commerce Commission by the Company for an increase in water rates for the Kankakee, Vermillion and Woodhaven water divisions and should not be used for any other purpose.

In our opinion, the projected financial information referred to above present fairly, in conformity with the guidelines for a presentation of projected information established by the American Institute of Certified Public Accountants and the underlying assumptions provide a reasonable basis for management's projection given the hypothetical assumption that rates in effect during 1999 will not change prior to December 31, 2001 as discussed in footnote 3. However, even if such hypothetical assumption were to occur, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*Arthur Andersen LLP*

Chicago, Illinois  
April 5, 2000

**Consumers Illinois Water Company**  
**Kankakee, Vermillion, and Woodhaven Water Divisions**  
(a wholly owned subsidiary of Consumers Water Company, a wholly owned subsidiary of Philadelphia Suburban Corporation)

**PROJECTED STATEMENT OF UTILITY OPERATING INCOME**

**For the Year Ending December 31, 2001**

	<u>Kankakee</u>	<u>Vermillion</u>	<u>Woodhaven</u>
<b>OPERATING REVENUE</b>	<u>\$8,482,994</u>	<u>\$8,989,385</u>	<u>\$503,961</u>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	4,871,773	3,824,653	343,390
Depreciation and amortization	1,212,716	1,436,107	53,923
Taxes on operating income:			
General	549,041	634,006	36,544
State income	55,389	118,891	12
Federal income	250,617	537,607	55
Amortization of investment tax credit	(21,282)	(24,554)	-
Total Operating expenses	<u>6,918,254</u>	<u>6,526,710</u>	<u>433,924</u>
<b>UTILITY OPERATING INCOME</b>	<u>\$1,564,740</u>	<u>\$2,462,675</u>	<u>\$70,037</u>

See accompanying summary of significant projection  
assumptions and accounting policies.



**Consumers Illinois Water Company**  
**Kankakee, Vermillion, and Woodhaven Water Divisions**  
(a wholly owned subsidiary of Consumers Water Company, a wholly owned subsidiary of Philadelphia Suburban Corporation)

**PROJECTED STATEMENTS OF RATE BASE**

**At December 31, 2001 and 2000**

	<u>Kankakee</u>		<u>Vermillion</u>		<u>Woodhaven</u>	
	2001	2000	2001	2000	2001	2000
<b>GROSS UTILITY PLAN IN SERVICE AT ORIGINAL COST</b>	\$48,802,391	\$47,716,824	\$56,884,956	\$55,570,140	\$4,224,584	\$4,077,690
<b>NON-AFUDC GROUP</b>	98,244	98,244	172,834	172,834	-	-
<b>LESS: Reserve for accumulated depreciation and amortization</b>	13,678,643	12,437,784	15,028,325	13,542,850	1,406,853	1,338,212
<b>Net utility plant in service</b>	35,221,992	35,377,284	42,029,465	42,200,124	2,817,731	2,739,478
<b>PLUS:</b>						
Amortization of CIAC	1,571,624	1,442,810	1,098,464	1,027,219	415,698	397,238
Working capital allowance	644,907	568,608	512,417	486,631	41,527	39,837
Deferred charges	311,008	241,015	597,713	680,118	5,434	7,254
Materials and supplies	242,991	239,581	118,289	116,520	17,083	16,850
<b>LESS:</b>						
Contributions in aid of construction	8,550,060	8,550,060	3,186,888	3,186,888	923,014	923,014
FAS 87 pension	141,110	135,835	113,192	108,280	8,119	7,784
Customer Advances	502,926	530,936	748,744	754,596	-	-
Deferred federal income tax	2,288,801	2,198,529	2,578,129	2,474,282	170,527	163,598
Deferred state income tax	572,200	549,133	644,533	618,570	42,632	40,900
<b>JURIDICTIONAL RATE BASE AT ORIGINAL COST</b>	<u>\$25,937,425</u>	<u>\$25,906,805</u>	<u>\$37,084,862</u>	<u>\$37,367,996</u>	<u>\$2,153,181</u>	<u>\$2,065,361</u>

See accompanying summary of significant projection assumptions and accounting policies.

**Consumers Illinois Water Company**  
(a wholly owned subsidiary of Consumers Water Company, a wholly owned subsidiary of  
Philadelphia Suburban Corporation)

**PROJECTED STATEMENTS OF CAPITAL STRUCTURE**

**At December 31, 2001 and 2000**

	<u>2001</u>	<u>2000</u>
<b>LONG-TERM DEBT</b>	<b>\$37,506,715</b>	<b>\$37,436,695</b>
<b>SHORT-TERM DEBT</b>	<b>2,400,000</b>	<b>2,900,000</b>
<b>PREFERRED STOCK</b>	<b>398,777</b>	<b>398,777</b>
<b>COMMON EQUITY</b>	<b><u>42,081,285</u></b>	<b><u>41,365,381</u></b>
<b>Total</b>	<b><u>\$82,386,777</u></b>	<b><u>\$82,100,853</u></b>

See accompanying summary of significant projection  
assumptions and accounting policies.

**Consumers Illinois Water Company  
Kankakee, Vermillion, and Woodhaven Water Divisions  
(a wholly owned subsidiary of Consumers Water Company, a wholly owned subsidiary of  
Philadelphia Suburban Corporation)**

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS  
AND ACCOUNTING POLICIES**

**December 31, 2001 and 2000**

**1. INTRODUCTION**

This projected statement of utility operating income for the year ending December 31, 2001, and the projected statements of rate base and capital structure at December 31, 2001, and 2000 ("Projected Financial Information"), except as discussed below, to the best of management's knowledge and belief, reflect the projected rate base at December 31, 2001, and 2000, the projected utility operating income for the year ending December 31, 2001 of Consumers Illinois Water Company-Kankakee, Vermillion and Woodhaven Water Divisions (the "Company") (a wholly owned subsidiary of Consumers Water Company, a wholly owned subsidiary of Philadelphia Suburban Corporation) and the projected capital structure of Consumers Illinois Water Company at December 31, 2001 and 2000, assuming no change prior to December 31, 2001, in water rates from those rates in effect during 1999. Accordingly, the Projected Financial Information reflects management's judgment as of April 5, 2000, the date of this Projected Financial Information, of the expected conditions and its expected course of action assuming no change prior to December 31, 2001, in water rates.

The Projected Financial Information was prepared in connection with an application to the Illinois Commerce Commission ("ICC") by the Company for increases in water rates and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the Projected Financial Information. Even if there is no change in water rates from those in effect during 1999, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The Company's accounting policies used in the preparation of this Projected Financial Information are in conformity with generally accepted accounting principles for regulated public utilities and accounting procedures prescribed by the ICC. The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, which provides guidance for the preparation of financial statements of companies in regulated industries.

**Property, Plant and Equipment**

The cost of additions to utility plant and replacement of retired units of property is capitalized. Cost includes material, direct labor and such indirect items as engineering and supervision, payroll taxes and benefits, transportation and an allowance for funds used during construction. Repairs, maintenance and minor replacements of property are charged to current operations. The cost of property units retired in the ordinary course of business plus removal cost (less salvage) is charged to accumulated depreciation.

Projected additions to utility plant (net of retirements) as detailed in the Company's capital investment projections are:

	2001	2000
Kankakee	\$1,376,313	\$7,648,776
Vermillion	1,190,199	8,171,678
Woodhaven	100,878	267,447

Significant additions in 2000 are the nitrate abatement facility in Vermillion for approximately \$6 million and the installation of new transmission and distribution mains in Kankakee for approximately \$3.5 million.

For financial reporting purposes, depreciation is computed on the straight-line method over the estimated service lives of the assets as approved by the ICC. For income tax reporting purposes, depreciation is computed using applicable tax reporting guidelines (primarily accelerated methods).

#### **Allowance for Funds Used During Construction**

The allowance for funds used during construction ("AFUDC") is a non-cash credit which represents the estimated cost of funds used to finance the construction of utility plant. AFUDC is applied to construction projects requiring more than two months to complete. No AFUDC is applied to projects funded by customer advances for construction or contributions in aid of construction. AFUDC includes the net cost of borrowed funds and a rate of return on other funds when used, and is recovered through water rates as the utility plant is depreciated.

#### **Regulatory and Other Long-Term Assets**

Unamortized debt issuance expense is amortized over the life of the related debt issue.

Other deferred charges at December 31, 2001 and 2000 consist of water tank painting costs, which are being amortized over periods prescribed by applicable rate orders of the ICC.

Amortization of contributions in aid of construction is recorded using the appropriate depreciation rate for depreciable mains in service at December 31, 1999.

#### **Recognition of Revenues**

Water service revenues for financial reporting purposes include amounts billed to customers on a cycle basis and unbilled amounts determined using estimated usage and rates, from the date of the latest meter reading to the end of the accounting period.

#### **Employee and Postretirement Benefits**

The Company has a defined benefit pension plan covering substantially all of its employees. Pension benefits are based on years of service and the employee's average salary during the last five years of employment. The Company's funding policy is to contribute an amount that will provide for benefits attributed to service to date and for those expected to be earned in the future by current participants, to the extent deductible for income tax purposes.

In addition to pension benefits, employees retiring from the Company in accordance with the retirement plan provisions are entitled to postretirement health care and life insurance coverage. These benefits are subject to deductibles, copayment provisions and other limitations. The Company may amend or change the plan periodically. In 1997, the Company established a Voluntary Employee Benefit Association.

The Company has adopted the delayed recognition method under which the unrecorded SFAS No. 106 liability as of January 1, 1993, will be amortized to expense on a straight-line basis over a 20-year period.

#### **Dividends**

The Company has projected annual dividend payments of \$22,000 to its preferred stockholders. In 2000, the Company has assumed the balance of net income will be retained in the capital structure and will not be paid out in dividends to common shareholders.

### **3. HYPOTHETICAL ASSUMPTIONS**

#### **Water Rates**

The preparation of the Projected Financial Information is based on the assumption that the water rates in effect during 1999 will not change prior to December 31, 2001.

The purpose of the Projected Financial Information is to reflect water rates in effect pursuant to the Company's most recent rate order and the Company's projected cost of service for the year ending December 31, 2001. Such information will then be included in the Company's application for an increase in water rates.

### **4. OPERATING REVENUES**

Projected operating revenues were derived by applying the water rates in effect at December 31, 1999 to current and historical water consumption trends adjusted for expected changes in the number and mix of customers during 2001. Historical water consumption trends are based on the last three years of historical data for residential and commercial customers.

## **5. OPERATING AND MAINTENANCE EXPENSES**

As discussed in the following assumptions, operating and maintenance expense items have been projected based on a number of factors. For those areas where firm bids have not been received or other pertinent information is not available, management expects the cost escalator rate to be 1.506% for the years ending December 31, 2001 and 2000. Where appropriate, this cost escalator rate was used in the development of operating and maintenance expense amounts.

Significant components of operating and maintenance expenses include the following:

### **Salaries, Wages and Employee Benefits**

Wage and salary increases are projected for 2000 and 2001 based on inflationary factors plus employee performance. Employee insurance premiums are projected to increase at the inflation rate of 1.506% for the year ending December 31, 2001, which is conservative.

### **Power**

Electrical expenses are projected at constant rates and projected production.

### **Chemicals**

Projected chemical expense is based on discussions with suppliers and expected usage. Expected chemical usage for the year ending December 31, 2001 assumes a normal weather patterns, normal source water quality and no changes in the level of unaccounted for water loss.

### **Material and Supplies**

Materials and supplies expense was projected to increase by the 1.506% inflation rate for 2001, plus additional expenses associated with operating the nitrate abatement facility in Vermillion.

### **Contractual Services**

These services include allocations from Consumers Illinois Water Company and Philadelphia Suburban Corporation for costs such as customer services, administrative personnel, insurance, computer services, engineering, operations and regulatory practices. These expenses are allocated to each division based on equivalent customers for that division. Company management believes the use of equivalent customers approximates the amount of support the division will receive from the Company's corporate structure. Other outside contractors are used for maintenance and other services and expenses are projected based on 1.506% inflation for known or expected contracts.

### **Transportation Expense**

Amount for maintenance transportation expenses are forecasted to increase by the general inflation rate of 1.506% per year through 2001. The composition of transportation equipment is not expected to change through 2001.

#### **Insurance Expense**

Amounts for workers' compensation insurance and general liability insurance are projected based on current premiums adjusted for the general inflation rate 1.506% per year through 2001.

#### **Bad Debt Expense**

Projected bad debt expense for the year ending December 31, 2001, is based on historical three-year average write-offs as a percentage of revenues, multiplied by budgeted revenues for 2001.

#### **Miscellaneous Expenses**

These expenses are primarily composed of postage, telephone, court costs and other administrative and general expenses. In most cases, projected amounts were increased by the general inflation rate of 1.506% per year through 2001.

#### **Depreciation Expense**

Utility plant additions and retirements included for purposes of calculating the projected depreciation expense for 2001 are based on the Company's capital investment projections.

### **6. TAXES ON OPERATING INCOME**

#### **General Taxes**

General taxes consist of the following:

- Real estate property taxes.
- Invested capital taxes.
- Payroll taxes.
- Miscellaneous taxes.

The projected general taxes expense includes the additional property tax base resulting from projected utility plant additions, projected increased labor costs and increases in invested capital. Real estate property tax projections are based on the most current reassessments and anticipates changes in property tax rates. All other projected tax rates are assumed to remain the same as the rates in effect during the year ended December 31, 1999.

#### **Federal and State Income Tax**

The Company uses the liability method of accounting for income taxes. The liability method requires an asset and liability approach for financial accounting and reporting for income taxes rather than the deferred method. The liability method requires the Company to establish to deferred tax assets and liabilities, as appropriate, for all temporary differences and to adjust deferred tax balances to reflect changes in tax rates expected to be in effect during the period the temporary differences reverse. Temporary differences occur because the income tax law either requires or permits certain items to be reported on the Company's income tax return in a different year than they are reported in the financial statements.

Investment tax credits have been deferred and are being amortized to income over the life of the property-giving rise to such credits.

The Company is included in the consolidated income tax returns of Philadelphia Suburban Corporation. Income taxes in the accompanying financial statements, however, have been determined as if the Company prepared its tax returns on a stand-alone basis.

For purposes of this rate case, the deferred income tax expenses have been projected on a company-wide basis and then allocated to each water division. The allocation factor is the water division portion of the asset or liability giving rise to the deferred income tax amount.

The primary reason for the difference between the expected federal income tax expense at the statutory rate of 35% and the projected federal income tax expense included in the projected statement of utility operating income results principally from amortization of investment tax credits and the reversal of excess deferred taxes.

The state income rate is expected to approximate 7.18%.

## **7. CUSTOMER ADVANCES FROM CONSTRUCTION AND CONTRIBUTION IN AID OF CONSTRUCTION**

Projected contributions in aid of construction assumes projects financed by customer advances and contributions are completed in the year the funds are received and that advances and contributions will approximate the projected construction costs required to complete the project. Accordingly, projected customer advances and contributions are credited directly to contributions in aid of constructions and the related depreciation on the contributed property is charged to contributions in aid of construction. The projected balances of contributions in aid of construction at December 31, 2000 and 2001 are unchanged from the December 31, 1999 balances. Company management does not expect any further advances or contribution for Kankakee, Vermillion and Woodhaven Water Division during 2000 and 2001.



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Proposed Test Year Period: Future

**Statement on Assumptions Used in the Forecast**

Line

- 1 A) The forecast for the test year contains the same assumptions and methodologies used in forecasts prepared for management or other entities
- 2 such as the Securities and Exchange Commission, security rating companies and agencies, underwriters, and investors.
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 B) There are no differences between the assumptions and methodologies used in the forecast forming the basis of the test year selected by CIWC
- 11 and the assumptions and methodologies used in forecasts prepared for management or other entities.

**CONSUMERS ILLINOIS WATER COMPANY**

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Person Responsible: D. Leppert

Proposed Test Year Period: Future

**Statement on Accounting Treatment**

Line

- 1 A) The accounting treatment applied to anticipated events and transactions in the forecast is the same as the accounting treatment to be applied in recording the
- 2 events once they have occurred.
- 3
- 4
- 5
- 6
- 7
- 8 B) There are no differences between the accounting treatment applied to anticipated events and transactions in the forecast forming the basis of the test year
- 9 selected by CIWC and the accounting treatment to be applied in recording the event once it has occurred.

**CONSUMERS ILLINOIS WATER COMPANY**

Woodhaven Water Division

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Person Responsible:

D. Leppert

**Assumptions Used in the Forecast**

Line

- 1 Please refer to testimony and Exhibit 5.1 of David W. Leppert.

Proposed Test Year Period: Future

## Inflation

Line

1	Rate of Inflation Applied: 1.506% for General Inflation					
2						
3						
4						
5	Account or Budget Item	Description	Dollar Base	Inflation Factor	Inflation Product (C x D)	
6	(A)	(B)	(C)	(D)	(E)	
7	408 15	Property Taxes	\$ 15,490	1.506%	\$ 233	
8	604 10	Employee Health, Life & LTD Insurance Premiums	12,405	1.506%	187	
9	604 45	Training and Education	1,500	1.506%	23	
10	604 55	Lodging - Expenses	550	1.506%	8	
11	633	Legal	21	1.506%	0	
12	634 10	CWC Corporate	53,810	1.506%	810	(a)
13	634 20	Shared Services Co.	7,898	1.506%	119	(a)
14	635	Outside Contractors - Testing	4,700	1.506%	71	
15	636 10	Outside Contractors - Other	18,482	1.506%	278	(b)
16	636 30	GPU Billing	7,949	1.506%	120	(a)
17	636 50	Landscaping	200	1.506%	3	
18	636 60	Cleaning	100	1.506%	2	
19	636 80	Pump & Motor Repairs	1,000	1.506%	15	
20	636 90	Electrical Repairs	1,000	1.506%	15	
21	641	Leases - Building	1,899	1.506%	29	(a)
22	642 10	Leases - Rental of Equipment	280	1.506%	4	
23	620 10	Material and Supplies - Other	5,706	1.506%	86	
24	620 20	Laboratory Supplies	290	1.506%	4	
25	620 30	General Office Supplies	990	1.506%	15	
26	620 40	Computer Supplies	2,185	1.506%	33	
27	650	Transportation	2,891	1.506%	44	
28	656 - 659	Insurance - Vehicle	6,704	1.506%	101	(a)
29	675 15	Office	150	1.506%	2	
30	675 20	Computer	36	1.506%	1	
31	675 25	Software Support	78	1.506%	1	
32	675 30	Phone Expense	6,460	1.506%	97	
33	675 35	Postage Expense	500	1.506%	8	
34	675 40	Heating Oil-Gas Expense	842	1.506%	13	
35	675 60	Dues	676	1.506%	10	

a.) For this item the base x the Inflation factor does not equal the 2001 Income Statement amount. This is because the inflation rate was added to the 2000 expense on a Total Company basis prior to allocation to the division. The factor used for allocation changed slightly from 2000 to 2001, depending on the factor used (customers, revenues, etc.) The change in division-to-total-company share of the factor accounts for the difference in the calculations versus the Income Statement.

b.) For this item, the expense of the Remittance Center are based on an allocation of division-to-total-company bills generated. The difference in projected growth rates, and hence bills generated, creates a difference in the allocation by division for 2001 versus 2000. This accounts for the difference in the calculation versus the Income Statement.

c.) This factor is different than the general inflation rate used by the Company for this projection. This difference is due to the fact that the Vermilion County Division has agreed This difference is due to the Vermilion County Division agreeing to a different inflation rate with its vendors for these services.

**CONSUMERS ILLINOIS WATER COMPANY**

Woodhaven Water Division

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Person Responsible:

F. Simpson

**Proration of Accumulated Deferred Income Taxes**

<u>Line</u>		<u>Projected 12/31/00</u>	<u>Net Additions</u>	<u>Projected 12/31/01</u>
1	ADIT - Federal & State	\$256,081	\$0	\$266,829
2				
3				
4				
5				
6				
7				
8	Proration to reflect average 2001			\$261,455

Note: Net additions are assumed to be credited to Accumulated Deferred Income Taxes ratably (i.e. 1/12 each month) during the year 2001.

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Proposed Test Year Period: Future  
Period Reported: 2000 - 2001

### Calculation of the Average Rate Base

Line	Rate Base Component (A)	Supporting Schedule (B)	Projected 12/31/00 (C)	2000 to 2001 Change (D)	Projected 12/31/01 (E)	Ave. Future Test Year (C + E)/2 (F)
1	Gross Utility Plant in Service at Orig. Cost	B - 5	\$4,077,690	\$146,893	\$4,224,584	\$4,151,137
	Add: Non-AFUDC CWIP	B - 7	0	0	0	0
2	Less: Reserve for Accum. Depreciation	B - 6	1,338,212	68,641	1,406,853	1,372,532
3	Net Utility Plant		\$2,739,479	\$78,252	\$2,817,731	\$2,778,605
4						
5	<b>Additions</b>					
6						
7	Deferred Charges	B - 10	7,254	-1,820	5,434	6,344
8	Materials & Supplies	B - 8.1	16,850	233	17,083	16,967
9	Cash Working Capital		39,837	1,690	41,527	40,682
10	Amort. of Contributions In Aid of Const.	B - 15	397,238	18,460	415,698	406,468
11						
12	<b>Deductions</b>					
13						
14	FAS 87 Pension	B - 87	7,784	335	8,119	7,952
15	Customer Advances	B - 15	0	0	0	0
16	Contributions In Aid of Construction	B - 15	923,014	0	923,014	923,014
17	Deferred Income Taxes - Total	B - 9	204,498	8,662	213,159	208,829
18						
19						
20	Original Cost Rate Base		\$2,065,362	\$87,818	\$2,153,180	\$2,109,271

Proposed Test Year Period: Future

### Actual Gross Additions and Retirements Compared to Original Budget - Total Company

Period Reported: 1997

Line	Account Number (A)	Utility Plant Account Description (B)	Actual 1997 Gross Additions (C)	Original 1997 Additions Budget (D)	1997 Additions Variance (E)	Actual 1997 Retirements (F)	Original 1997 Retirements Budget (G)	1997 Retirements Variance (H)
1		<b>Intangible Plant</b>						
2	301	Organization						
3	302	Franchises & Consents						
4		<b>Source of Supply Plant</b>						
5	303	Land and Land Rights						
6	304	Structures and Improvements	\$116	Prior to 1999, capital expenditures were budgeted only in total, not by additions and retirements.				
7	305	Collect & Impound Reservoirs	699					
8	306	Lake, River and Other Intakes	5,417					
9	307	Wells and Springs				-21,163		
10	309	Supply Mains						
11								
12		<b>Pumping Plant</b>						
13	303	Land and Land Rights						
14	304	Structures and Improvements	3,526			-2,500		
15	310	Power Generating Equipment	16,208			-11,812		
16	311	Electric Pumping Equipment						
17		<b>Water Treatment Plant</b>						
18	303	Land and Land Rights						
19	304	Structures and Improvements	79,854			-6,096		
20	320	Water Treatment Equipment	42,069			-28,950		
21								
22		<b>Transmission &amp; Dist. Plant</b>						
23	303	Land and Land Rights						
24	304	Structures and Improvements	28,182					
25	330	Dist. Reservoirs & Standpipes						
26	331	T & D Mains	1,494,980			-29,316		
27	333	Services	849,398			-15,647		
28	334	Meters	596,006			-26,328		
29	334	Meter Installations						
30	335	Hydrants	210,337			-10,852		
31	339	Other Plant & Misc. Equipment	0					
32		<b>General Plant</b>						
33	303	Land and Land Rights						
34	304	Structures and Improvements	71,374			-1,111		
35	344	Laboratory Equipment	8,280			-528		
36	340	Office Furniture and Equipment	154,955			-12,218		
37	342	Stores Equipment	9,519					
38	345	Power Operated Equipment	130,266					
39	346	Communication Equipment	53,521			-39,918		
40	347	Miscellaneous Equipment	5,123			-1,793		
41	341	Transportation Equipment	266,721			-55,439		
42	343	Tools, Shop and Garage Equip.	36,552			-29,322		
43		Sewer Additions - Total	474,123			-13,376		
44		Total Utility Plant In Service	\$4,537,226			-\$306,369		

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D. Leppert

Proposed Test Year Period: Future

Period Reported: 1997

Actual Gross Additions and Retirements Compared to Original Budget - Woodhaven Water

Line	Account Number (A)	Utility Plant Account Description (B)	Actual 1997 Gross Additions (C)	Original 1997 Additions Budget (D)	1997 Additions Variance (E)	Actual 1997 Retirements (F)	Original 1997 Retirements Budget (G)	1997 Retirements Variance (H)
1		<b>Intangible Plant</b>						
2	301	Organization	\$0			\$0		
3	302	Franchises & Consents	0			0		
4		<b>Source of Supply Plant</b>						
5	303	Land and Land Rights	0			0		
6	304	Structures and Improvements	0	Prior to 1999, capital expenditures were budgeted		0		
7	305	Collect & Impound Reservoirs	0			0		
8	306	Lake, River and Other Intakes	0	only in total, not by additions and retirements.		0		
9	307	Wells and Springs	0			0		
10	309	Supply Mains	0			0		
11								
12		<b>Pumping Plant</b>						
13	303	Land and Land Rights	0			0		
14	304	Structures and Improvements	0			0		
15	310	Power Generating Equipment	0			0		
16	311	Electric Pumping Equipment	0			-1,412		
17		<b>Water Treatment Plant</b>						
18	303	Land and Land Rights	0			0		
19	304	Structures and Improvements	4,129			0		
20	320	Water Treatment Equipment	0			0		
21								
22		<b>Transmission &amp; Dist. Plant</b>						
23	303	Land and Land Rights	0			0		
24	304	Structures and Improvements	0			0		
25	330	Dist. Reservoirs & Standpipes	0			0		
26	331	T & D Mains	7,173			0		
27	333	Services	1,277			0		
28	334	Meters	1,060			0		
29	334	Meter Installations	0			0		
30	335	Hydrants	5,581			0		
31	339	Other Plant & Misc. Equipment	0			0		
32		<b>General Plant</b>						
33	303	Land and Land Rights	0			0		
34	304	Structures and Improvements	0			0		
35	344	Laboratory Equipment	0			0		
36	340	Office Furniture and Equipment	0			0		
37	342	Stores Equipment	0			0		
38	345	Power Operated Equipment	37,580			0		
39	346	Communication Equipment	0			0		
40	347	Miscellaneous Equipment	0			0		
41	341	Transportation Equipment	0			0		
42	343	Tools, Shop and Garage Equip.	4,874			-901		
43								
44		Total Utility Plant in Service	\$61,679			-\$2,312		



Proposed Test Year Period: Future

### Actual Gross Additions and Retirements Compared to Original Budget - Total Company

Period Reported: 1998

Line	Account Number (A)	Utility Plant Account Description (B)	Actual 1998 Gross Additions (C)	Original 1998 Additions Budget (D)	1998 Additions Variance (E)	Actual 1998 Retirements (F)	Original 1998 Retirements Budget (G)	1998 Retirements Variance (H)
1		<b>Intangible Plant</b>						
2	301	Organization						
3	302	Franchises & Consents						
4		<b>Source of Supply Plant</b>						
5	303	Land and Land Rights						
6	304	Structures and Improvements	\$26					
7	305	Collect & Impound Reservoirs	3,355					
8	306	Lake, River and Other Intakes						
9	307	Wells and Springs	17,053					
10	309	Supply Mains						
11								
12		<b>Pumping Plant</b>						
13	303	Land and Land Rights						
14	304	Structures and Improvements	9,297					
15	310	Power Generating Equipment	5,123					
16	311	Electric Pumping Equipment	82,134					
17		<b>Water Treatment Plant</b>						
18	303	Land and Land Rights						
19	304	Structures and Improvements	740,841					
20	320	Water Treatment Equipment	42,799					
21								
22		<b>Transmission &amp; Dist. Plant</b>						
23	303	Land and Land Rights						
24	304	Structures and Improvements	14,105					
25	330	Dist. Reservoirs & Standpipes	249,149					
26	331	T & D Mains	770,155					
27	333	Services	738,387			-17,175		
28	334	Meters	843,844			-4,512		
29	334	Meter Installations				-220		
30	335	Hydrants	153,878			-12,214		
31	339	Other Plant & Misc. Equipment	15,729					
32		<b>General Plant</b>						
33	303	Land and Land Rights						
34	304	Structures and Improvements	61,444					
35	344	Laboratory Equipment	4,547					
36	340	Office Furniture and Equipment	602,232			-1,196		
37	342	Stores Equipment	0					
38	345	Power Operated Equipment	12,331					
39	346	Communication Equipment	10,154					
40	347	Miscellaneous Equipment	0					
41	341	Transportation Equipment	103,036					
42	343	Tools, Shop and Garage Equip.	23,482					
43		Sewer Additions - Total	<u>782,962</u>			0		
44		Total Utility Plant In Service	\$5,286,063			-\$35,317		

Proposed Test Year Period: Future

### Actual Gross Additions and Retirements Compared to Original Budget - Woodhaven Water

Period Reported: 1998

Line	Account Number	Utility Plant Account Description	Actual 1998 Gross Additions (C)	Original 1998 Additions Budget (D)	1998 Additions Variance (E)	Actual 1998 Retirements (F)	Original 1998 Retirements Budget (G)	1998 Retirements Variance (H)
1		<b>Intangible Plant</b>						
2	301	Organization	\$0			\$0		
3	302	Franchises & Consents	0			0		
4		<b>Source of Supply Plant</b>						
5	303	Land and Land Rights	0			0		
6	304	Structures and Improvements	0	Prior to 1999, capital expenditures were budgeted only in total, not by additions and retirements.		0		
7	305	Collect & Impound Reservoirs	0			0		
8	306	Lake, River and Other Intakes	0			0		
9	307	Wells and Springs	0			0		
10	309	Supply Mains	0			0		
11								
12		<b>Pumping Plant</b>						
13	303	Land and Land Rights	0			0		
14	304	Structures and Improvements	0			0		
15	310	Power Generating Equipment	0			0		
16	311	Electric Pumping Equipment	0			0		
17		<b>Water Treatment Plant</b>						
18	303	Land and Land Rights	0			0		
19	304	Structures and Improvements	0			0		
20	320	Water Treatment Equipment	0			0		
21								
22		<b>Transmission &amp; Dist. Plant</b>						
23	303	Land and Land Rights	0			0		
24	304	Structures and Improvements	0			0		
25	330	Dist. Reservoirs & Standpipes	0			0		
26	331	T & D Mains	4,482			0		
27	333	Services	117			0		
28	334	Meters	0			0		
29	334	Meter Installations	0			0		
30	335	Hydrants	4,670			0		
31	339	Other Plant & Misc. Equipment	0					
32		<b>General Plant</b>						
33	303	Land and Land Rights	0			0		
34	304	Structures and Improvements	0			0		
35	344	Laboratory Equipment	0			0		
36	340	Office Furniture and Equipment	0			0		
37	342	Stores Equipment	0					
38	345	Power Operated Equipment	0					
39	346	Communication Equipment	2,145			0		
40	347	Miscellaneous Equipment	0			0		
41	341	Transportation Equipment	27,665			0		
42	343	Tools, Shop and Garage Equip.	<u>2,021</u>			<u>0</u>		
43								
44		Total Utility Plant In Service	\$41,099			\$0		

Proposed Test Year Period: Future

### Actual Gross Additions and Retirements Compared to Original Budget - Total Company

Period Reported: 1999

Line	Account Number (A)	Utility Plant Account Description (B)	Actual 1999 Gross Additions (C)	Original 1999 Additions Budget (D)	1999 Additions Variance (E)	Actual 1999 Retirements (F)	Original 1999 Retirements Budget (G)	1999 Retirements Variance (H)
1		<b>Intangible Plant</b>						
2	301	Organization	\$43,367	\$0	\$43,367	\$0	\$0	\$0
3	302	Franchises & Consents	0	0	0	0	0	0
4		<b>Source of Supply Plant</b>						
5	303	Land and Land Rights	0	0	0	0	0	0
6	304	Structures and Improvements	10,948	0	10,948	0	0	0
7	305	Collect & Impound Reservoirs	0	0	0	0	0	0
8	306	Lake, River and Other Intakes	0	0	0	0	0	0
9	307	Wells and Springs	3,069	100,000	-96,931	0	-5,000	5,000
10	309	Supply Mains	45,401	0	45,401	0	0	0
11								
12		<b>Pumping Plant</b>						
13	303	Land and Land Rights	0	0	0	0	0	0
14	304	Structures and Improvements	4,503	0	4,503	0	0	0
15	310	Power Generating Equipment	71,154	0	71,154	0	0	0
16	311	Electric Pumping Equipment	59,639	15,000	44,639	0	-962	962
17		<b>Water Treatment Plant</b>						
18	303	Land and Land Rights	0	0	0	0	0	0
19	304	Structures and Improvements	1,100,280	0	1,100,280	0	0	0
20	320	Water Treatment Equipment	27,619	1,248,000	-1,220,381	-544	-4,178	3,634
21								
22		<b>Transmission &amp; Dist. Plant</b>						
23	303	Land and Land Rights	0	0	0	0	0	0
24	304	Structures and Improvements	0	0	0	0	0	0
25	330	Dist. Reservoirs & Standpipes	17,756	0	17,756	0	0	0
26	331	T & D Mains	1,854,837	232,000	1,622,837	-12,244	-26,758	14,514
27	333	Services	814,360	661,000	153,360	0	50,784	50,784
28	334	Meters	158,979	364,000	-205,021	0	-36,839	36,839
29	334	Meter Installations	28,321	132,000	-103,679	0	-7,820	7,820
30	335	Hydrants	174,969	128,000	46,969	-5,571	-10,769	5,198
31	339	Other Plant & Misc. Equipment	4,730	0	4,730	0	0	0
32		<b>General Plant</b>						
33	303	Land and Land Rights	0	0	0	0	0	0
34	304	Structures and Improvements	22,622	0	22,622	0	0	0
35	344	Laboratory Equipment	1,965	36,000	-34,035	0	-3,816	3,816
36	340	Office Furniture and Equipment	794,622	189,000	605,622	-5,442	-14,783	9,341
37	342	Stores Equipment	0	0	0	0	0	0
38	345	Power Operated Equipment	9,280	25,000	-15,720	0	-1,603	1,603
39	346	Communication Equipment	0	0	0	0	-641	641
40	347	Miscellaneous Equipment	10,860	10,000	860	0	0	0
41	341	Transportation Equipment	23,850	25,000	-1,150	-14,991	-1,603	-13,388
42	343	Tools, Shop and Garage Equip.	19,484	10,000	9,484	0	-641	641
43		<b>Sewer Additions - Total</b>	<u>1,427,644</u>	<u>380,000</u>	<u>1,047,644</u>	<u>-29,981</u>	<u>0</u>	<u>-29,981</u>
44		<b>Total Utility Plant In Service</b>	<u>\$6,730,259</u>	<u>\$3,555,000</u>	<u>\$3,175,259</u>	<u>-\$68,773</u>	<u>-\$166,197</u>	<u>\$97,424</u>

Proposed Test Year Period: Future

# Actual Gross Additions and Retirements Compared to Original Budget - Woodhaven Water

Period Reported: 1999

Line	Account Number (A)	Utility Plant Account Description (B)	Actual 1999 Gross Additions (C)	Original 1999 Additions Budget (D)	1999 Additions Variance (E)	Actual 1999 Retirements (F)	Original 1999 Retirements Budget (G)	1999 Retirements Variance (H)
1		<b>Intangible Plant</b>						
2	301	Organization	\$0	\$0	\$0	\$0	\$0	\$0
3	302	Franchises & Consents	0	0	0	0	0	0
4		<b>Source of Supply Plant</b>						
5	303	Land and Land Rights	0	0	0	0	0	0
6	304	Structures and Improvements	0	0	0	0	0	0
7	305	Collect & Impound Reservoirs	0	0	0	0	0	0
8	306	Lake, River and Other Intakes	0	0	0	0	0	0
9	307	Wells and Springs	0	0	0	0	0	0
10	309	Supply Mains	0	0	0	0	0	0
11								
12		<b>Pumping Plant</b>						
13	303	Land and Land Rights	0	0	0	0	0	0
14	304	Structures and Improvements	0	0	0	0	0	0
15	310	Power Generating Equipment	0	0	0	0	0	0
16	311	Electric Pumping Equipment	0	0	0	0	0	0
17		<b>Water Treatment Plant</b>						
18	303	Land and Land Rights	0	0	0	0	0	0
19	304	Structures and Improvements	0	0	0	0	0	0
20	320	Water Treatment Equipment	2,611	2,000	611	0	-100	100
21								
22		<b>Transmission &amp; Dist. Plant</b>						
23	303	Land and Land Rights	0	0	0	0	0	0
24	304	Structures and Improvements	0	0	0	0	0	0
25	330	Dist. Reservoirs & Standpipes	0	0	0	0	0	0
26	331	T & D Mains	7,195	7,000	195	0	-350	350
27	333	Services	1,579	0	1,579	0	-50	50
28	334	Meters	0	1,000	-1,000	0	0	0
29	334	Meter Installations	0	0	0	0	0	0
30	335	Hydrants	4,030	6,000	-1,970	0	-300	300
31	339	Other Plant & Misc. Equipment	2,752	0	2,752	0	0	0
32		<b>General Plant</b>						
33	303	Land and Land Rights	0	0	0	0	0	0
34	304	Structures and Improvements	0	0	0	0	0	0
35	344	Laboratory Equipment	0	1,000	-1,000	0	-50	50
36	340	Office Furniture and Equipment	9,705	21,000	-11,295	-5,442	-1,000	-4,442
37	342	Stores Equipment	0	0	0	0	0	0
38	345	Power Operated Equipment	0	0	0	0	0	0
39	346	Communication Equipment	0	0	0	0	0	0
40	347	Miscellaneous Equipment	0	0	0	0	0	0
41	341	Transportation Equipment	0	0	0	-14,991	0	-14,991
42	343	Tools, Shop and Garage Equip.	0	0	0	0	0	0
43								
44		<b>Total Utility Plant In Service</b>	<b>\$27,871</b>	<b>\$38,000</b>	<b>-\$10,129</b>	<b>-\$20,433</b>	<b>-\$1,850</b>	<b>-\$18,583</b>

**CONSUMERS ILLINOIS WATER COMPANY**

Woodhaven Water Division  
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Person Responsible: D. Leppert

Proposed Test Year Period: Future  
Period Reported: 1997

**Comparison of Budgeted Non-Payroll Expense to Actual - Total Company**

Line	Account Number (A)	Budget Item * / Account Description (B)	Actual 1997 Non-Payroll Expense (C)	1997 Budget Non-Payroll Expense (D)	1997 Non-Payroll Variance (E)	1997 % Variance (F)
1	604	Employee Pensions & Benefits	\$778,455	\$920,000	-\$141,545	-18.18%
2	615	Purchased Power	1,208,153	1,234,000	-25,847	-2.14%
3	618	Chemicals	581,427	675,000	-93,573	-16.09%
4	620	Materials & Supplies	423,207	480,000	-56,793	-13.42%
5	631	Contractual Services - Engineering	0	0	0	#DIV/0!
6	632	Contractual Services - Accounting	85,825	0	85,825	100.00%
7	633	Contractual Services - Legal	192,800	0	192,800	100.00%
8	634	Contractual Services - Management	812,153	959,000	-146,847	-18.08%
9	635	Contractual Services - Other	832,067	786,000	46,067	5.54%
10	641 - 642	Lease Expense	52,046	133,000	-80,954	-155.54%
11	650	Transportation Expense	169,953	173,000	-3,047	-1.79%
12	656 - 659	Insurance Expense	360,958	332,000	28,958	8.02%
13	667	Regulatory Commission Exp. Amortization	358,406	247,000	111,406	31.08%
14	670	Bad Debt Expense	401,940	0	401,940	100.00%
15	675	Miscellaneous Expense	<u>772,644</u>	<u>1,070,000</u>	<u>-297,356</u>	<u>-38.49%</u>
16		SUB-TOTAL Non-Payroll O&M Expense	7,030,034	7,009,000	21,034	0.30%
17						
18						
19						
20		Total Non-Payroll Expenses	\$7,030,034	\$7,009,000	\$21,034	0.30%
21						

\* NOTE - Individual budget items are in some instances different from ICC account number amounts as reflected on C-4 and C-4.1.

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D. Leppert

Proposed Test Year Period: Future  
Period Reported: 1997

**Comparison of Budgeted Non-Payroll Expense to Actual - Woodhaven Water Division**

Line	Account Number (A)	Budget Item * / Account Description (B)	Actual 1997 Non-Payroll Expense (C)	1997 Budget Non-Payroll Expense (D)	1997 Non-Payroll Variance (E)	1997 % Variance (F)
1	604	Employee Pensions & Benefits	\$29,896	\$27,000	\$2,896	9.69%
2	615	Purchased Power	34,138	30,000	4,138	12.12%
3	618	Chemicals	5,037	4,000	1,037	20.59%
4	620	Materials & Supplies	8,215	9,000	-785	-9.56%
5	631	Contractual Services - Engineering	0	0	0	#DIV/0!
6	632	Contractual Services - Accounting	449	0	449	100.00%
7	633	Contractual Services - Legal	127	0	127	100.00%
8	634	Contractual Services - Management	33,204	73,000	-39,796	-119.85%
9	635	Contractual Services - Other	10,553	9,000	1,553	14.72%
10	641 - 642	Lease Expense	2,503	3,000	-497	-19.86%
11	650	Transportation Expense	3,187	5,000	-1,813	-56.89%
12	656 - 659	Insurance Expense	10,665	10,000	665	6.24%
13	667	Regulatory Commission Exp. Amortization	0	0	0	#DIV/0!
14	670	Bad Debt Expense	57,703	0	57,703	100.00%
15	675	Miscellaneous Expense	27,734	62,000	-34,266	-123.55%
16		SUB-TOTAL Non-Payroll O&M Expense	223,411	232,000	-8,589	-3.84%
17						
18						
19						
20		Total Non-Payroll Expenses	\$223,411	\$232,000	-\$8,589	-3.84%
21						

\* NOTE - Individual budget items are in some instances different from ICC account number amounts as reflected on C-4 and C-4.1.

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Person Responsible: D. Leppert

Proposed Test Year Period: Future

Period Reported: 1998

**Comparison of Budgeted Non-Payroll Expense to Actual - Total Company**

Line	Account Number (A)	Budget Item * / Account Description (B)	Actual 1998 Non-Payroll Expense (C)	1998 Budget Non-Payroll Expense (D)	1998 Non-Payroll Variance (E)	1998 % Variance (1) (F)
1	604	Employee Pensions & Benefits	\$850,006	\$687,000	\$163,006	19.18%
2	615	Purchased Power	1,190,271	1,270,200	-79,929	-6.72%
3	618	Chemicals	566,249	609,000	-40,751	-7.17%
4	620	Materials & Supplies	480,789	405,000	75,789	15.76%
5	631	Contractual Services - Engineering	0	0	0	#DIV/0!
6	632	Contractual Services - Accounting	45,300	104,100	-58,800	-129.80%
7	633	Contractual Services - Legal	77,858	160,800	-82,942	-106.53%
8	634	Contractual Services - Management	1,334,699	1,138,400	196,299	14.71%
9	611 & 635	Contractual Services - Other	768,644	802,000	-33,356	-4.34%
10	641 - 642	Lease Expense	70,125	72,000	-1,875	-2.67%
11	650	Transportation Expense	193,564	164,000	29,564	15.27%
12	656 - 659	Insurance Expense	326,834	354,000	-27,166	-8.31%
13	666 - 667	Regulatory Commission Exp. Amortization	440,595	497,400	-56,805	-12.89%
14	670	Bad Debt Expense	217,809	246,800	-28,991	-13.31%
15	660 & 675	Miscellaneous Expense	818,798	1,504,600	-685,802	-83.76%
16		SUB-TOTAL Non-Payroll O&M Expense	7,383,541	8,015,300	-631,759	-8.56%
17						
18						
19						
20		Total Non-Payroll Expenses	\$7,383,541	\$8,015,300	-\$631,759	-8.56%
21						

\* NOTE - Individual budget items are in some instances different from ICC account number amounts as reflected on C-4 and C-4.1.

(1) For variances of 15% or more, please refer to WP - H10

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Person Responsible: D. Leppert

Proposed Test Year Period: Future  
Period Reported: 1998

### Comparison of Budgeted Non-Payroll Expense to Actual - Woodhaven Water Division

Line	Account Number (A)	Budget Item * / Account Description (B)	Actual 1998 Non-Payroll Expense (C)	1998 Budget Non-Payroll Expense (D)	1998 Non-Payroll Variance (E)	1998 % Variance (1) (F)
1	604	Employee Pensions & Benefits	\$21,798	\$16,000	\$5,798	26.60%
2	615	Purchased Power	35,005	29,000	6,005	17.15%
3	618	Chemicals	3,428	4,000	-572	-16.69%
4	620	Materials & Supplies	6,609	8,000	-1,391	-21.05%
5	631	Contractual Services - Engineering	0	0	0	#DIV/0!
6	632	Contractual Services - Accounting	13	0	13	100.00%
7	633	Contractual Services - Legal	1,501	0	1,501	100.00%
8	634	Contractual Services - Management	108,500	90,500	18,000	16.59%
9	611 & 635	Contractual Services - Other	12,911	22,500	-9,589	-74.27%
10	641 - 642	Lease Expense	-223	5,000	-5,223	2342.15%
11	650	Transportation Expense	5,150	4,000	1,150	22.33%
12	656 - 659	Insurance Expense	8,730	9,000	-270	-3.09%
13	666 - 667	Regulatory Commission Exp. Amortization	0	0	0	#DIV/0!
14	670	Bad Debt Expense	11,046	42,800	-31,754	-287.47%
15	660 & 675	Miscellaneous Expense	19,587	24,200	-4,613	-23.55%
16		SUB-TOTAL Non-Payroll O&M Expense	234,055	255,000	-20,945	-8.95%
17						
18						
19						
20		Total Non-Payroll Expenses	\$234,055	\$255,000	-\$20,945	-8.95%
21						

\* NOTE - Individual budget items are in some instances different from ICC account number amounts as reflected on C-4 and C-4.1.

(1) For variances of 15% or more, please refer to WP - H10



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Person Responsible: D. Leppert

Proposed Test Year Period: Future

Period Reported: 1999

**Comparison of Budgeted Non-Payroll Expense to Actual - Total Company**

Line	Account Number (A)	Budget Item * / Account Description (B)	Actual 1999 Non-Payroll Expense (C)	1999 Budget Non-Payroll Expense (D)	1999 Non-Payroll Variance (E)	1999 % Variance (F)
1	604	Employee Pensions & Benefits	\$997,427	\$864,230	\$133,197	13.35%
2	615	Purchased Power	1,190,284	1,201,792	-11,508	-0.97%
3	618	Chemicals	587,534	581,832	5,702	0.97%
4	620	Materials & Supplies	411,137	444,564	-33,427	-8.13%
5	631	Contractual Services - Engineering	9,922	0	9,922	100.00%
6	632	Contractual Services - Accounting	92,823	26,028	66,795	71.96%
7	633	Contractual Services - Legal	135,990	105,960	30,030	22.08%
8	634	Contractual Services - Management	1,435,112	1,448,322	-13,210	-0.92%
9	635	Contractual Services - Other	1,189,888	845,712	344,176	28.93%
10	641 - 642	Lease Expense	78,169	60,600	17,569	22.48%
11	650	Transportation Expense	216,528	175,668	40,860	18.87%
12	656 - 659	Insurance Expense	334,186	311,484	22,702	6.79%
13	667	Regulatory Commission Exp. Amortization	416,364	384,209	32,155	7.72%
14	670	Bad Debt Expense	282,651	257,856	24,795	8.77%
15	675	Miscellaneous Expense	<u>385,729</u>	<u>736,665</u>	<u>-350,936</u>	<u>-90.98%</u>
16		SUB-TOTAL Non-Payroll O&M Expense	7,763,744	7,444,922	318,822	4.11%
17						
18						
19						
20		Total Non-Payroll Expenses	\$7,763,744	\$7,444,922	\$318,822	4.11%
21						

\* NOTE - Individual budget items are in some instances different from ICC account number amounts as reflected on C-4 and C-4.1.

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Proposed Test Year Period: Future  
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### Comparison of Budgeted Non-Payroll Expense to Actual - Woodhaven Water Division

Line	Account Number (A)	Budget Item * / Account Description (B)	Actual 1999 Non-Payroll Expense (C)	1999 Budget Non-Payroll Expense (D)	1999 Non-Payroll Variance (E)	1999 % Variance (F)
1	604	Employee Pensions & Benefits	\$26,542	\$17,400	\$9,142	34.44%
2	615	Purchased Power	27,824	33,876	-6,052	-21.75%
3	618	Chemicals	14,940	5,064	9,876	66.10%
4	620	Materials & Supplies	9,074	8,556	518	5.71%
5	631	Contractual Services - Engineering	0	0	0	#DIV/0!
6	632	Contractual Services - Accounting	0	0	0	#DIV/0!
7	633	Contractual Services - Legal	8,147	132	8,015	98.38%
8	634	Contractual Services - Management	115,938	113,920	2,018	1.74%
9	635	Contractual Services - Other	28,228	10,872	17,356	61.49%
10	641 - 642	Lease Expense	-650	3,072	-3,722	572.62%
11	650	Transportation Expense	3,538	3,312	226	6.39%
12	656 - 659	Insurance Expense	9,952	6,780	3,172	31.87%
13	667	Regulatory Commission Exp. Amortization	0	0	0	#DIV/0!
14	670	Bad Debt Expense	6,024	40,584	-34,560	-573.71%
15	675	Miscellaneous Expense	10,168	29,688	-19,520	-191.97%
16		SUB-TOTAL Non-Payroll O&M Expense	259,725	273,256	-13,531	-5.21%
17						
18						
19						
20		Total Non-Payroll Expenses	\$259,725	\$273,256	-\$13,531	-5.21%
21						

\* NOTE - Individual budget items are in some instances different from ICC account number amounts as reflected on C-4 and C-4.1.